

City of Seattle Voluntary Deferred Compensation Plan Regular Trust Committee Meeting Minutes

Wednesday, July 26, 2017 10:00 am – 12:00 pm
Seattle Municipal Tower, Room 4080

TRUSTEES present: Teri Allen, Bill Alves, Jeff Davis, Glenn Lee, and Brian Smith (via phone)

STAFF present: Renee Freiboth, SDHR; Michelle Ell, SDHR; Tony Dozier; SDHR; Amanda Grumbach, SDHR; Carlton Seu, CAO

CONSULTANTS present: Jake O'Shaughnessy & Stuart Payment, SageView Advisory Group; Michael Monaco (via phone) & Gavin Parr, Mondress, Monaco, Parr, Lockwood

GUESTS present: Kent Morris, Kristopher Morton, Susan Wilson, and Andee Gravitt from Nationwide; Dennis Karl, IAFF Local 27; Jason Malinowski, SCERS

BUSINESS

Opening: Teri Allen, the Committee Chair, started the meeting at 10:03 am.

Introductions: All attendees introduced themselves.

Public Comment: Michelle Ell read public comment regarding account rebalancing from Pawel Krupa of Seattle City Light.

Minutes of May 31, 2017 Regular Meeting: Teri asked for a review of these meeting minutes. Jeff Davis asked that Jason Malinowski be stricken from the "Guests present" section of the May 31 minutes, as he was not in attendance. The meeting minutes were deemed accepted with the single edit.

SageView Advisory:

Jake noted that tech stocks were performing well, which helped the Calvert fund to outperform other Large Cap Growth Funds during the 2nd quarter of 2017. He felt it was still appropriate to hold the fund, but to continue keeping it on watch. Jake noted that the Vanguard Total Bond Market fund now holds enough assets to allow the plan to move from the Admiral share class (VBTLX) to the Institutional share class (VBTIX), reducing expenses from 5 bps to 4 bps. Bill asked if any other funds were close to holding enough assets to move to better share classes. Jake mentioned that this is monitored and there are no other funds at this time.

MOTION: Jeff Davis moved to add the Vanguard Total Bond Index Institutional share class to the plan lineup and move all existing Vanguard Total Bond Index Admiral share class balances, as well as future investment deferrals, to the Institutional share class as soon as administratively feasible. Bill Alves seconded the motion. Motion passed unanimously.

Nationwide: Andee Gravitt and Kris Morton presented Plan Transition Results which covered the attendance at transition meetings and participant feedback passed to Nationwide. Susan Wilson stated that the Education Office has strong attendance. Currently education consultants are meeting with about 45 participants a week.

Staff Update: Michelle mentioned that both Prudential and Nationwide had released quarterly participant account statements. She noted that the beginning transfer balance at Nationwide may not tie out to the ending transfer balance on the Prudential statement. Nationwide has accepted the responsibility of providing a letter of explanation to anyone that requests one. Michelle also explained that an FAQ had been added to PAN, detailing these possible differences.

Michelle presented the letter from the Coalition of City Unions, expressing concern about the creation of “shell” accounts for every employee in the City, including those employees that have not opted into the Deferred Compensation plan. Their chief concern is that personal information is being shared with an outside vendor. Michelle explained that this has been an on-going practice, at least since the plan had been with Fidelity. Andee commented that more than 80% of the plans she works with maintain this same practice, as it aids in online enrollment and helps provide a measure of overall plan health.

Teri asked that a group be convened to examine if the current enrollment practices comply with the Privacy Policy of the City. She recommended that the group consist of Jessica Nadelman, CAO; Mary Perry, SPD; Ginger Armbruster, SIT; and members from SDHR, SageView and Nationwide.

Committee Membership: Michelle stated that Bill Alves’ position as Member-at-Large was up in September 2017 and that the committee needed to act on either replacing or reappointing Bill to the position for a 3-year term. It was noted by Gavin Parr that the Plan Document stated that Committee had the ability to appoint a candidate. Carlton Seu further added that this was presuming that the candidate was qualified and had been vetted.

<p>MOTION: Jeff Davis moved that Bill Alves be reappointed as the Member-at-Large of the Trust Committee through September 2020. Glen Lee seconded the motion. Everyone approved the motion except Bill Alves, who abstained from the vote.</p>
--

Public Disclosure Rules: Carlton Seu briefed the Committee on the two new policies surrounding the new Public Disclosure Rules. The first regards the costs that can be assessed and the second regards how requests will be prioritized and researched. He recommends that the Committee sign onto the agreement. Teri asked for clarification as to whether Nationwide would be considered an Agent of the City for this agreement. Carlton stated that further research would be needed to confirm if Nationwide would be bound by this agreement. Teri also asked if GovQA would be an appropriate start to an inquiry, which Carlton confirmed. Renee also noted that Sarah Butler was acting as our Public Disclosure Officer.

MOTION: Glenn Lee moved that the Committee sign the two new Public Disclosure Rules agreements, and reaffirm that the Committee has delegated the task of responding to Public Disclosure Requests to the Deferred Compensation administrative staff. Bill Alves seconded the motion. Motion passed unanimously.

Executive Session: Teri Allen moved the meeting into Executive Session to discuss litigation or legal risks of a proposed action or current practice. The Executive Session commenced at approximately 11:08 and concluded at 11:48am.

MOTION: Teri moved that the Committee accept and move forward with the recommendations outlined in the Michael Monaco and Gavin Parr July 26, 2017 legal memo. In addition, the Committee accepts the SageView July 26, 2017 memo regarding Specified Assets and approves the \$5,000 implementation costs for up to 4 investment options which will later be determined by the Trust Committee. Glenn Lee seconded the motion. Motion was passed unanimously.

Glenn Lee and Susan Coskey will discuss next steps in Specified Assets implementation with City Council on behalf of the Trust Committee.

MOTION: Teri Allen moved that “auto-rebalancing” should be an option within the plan and that this administrative change should be properly communicated to participants. Bill Alves seconded the motion. Motion passed unanimously.

Adjournment: Teri Allen moved to adjourn the meeting at 11:55. The meeting was adjourned without objection.

Next Meeting: The next regular meeting is scheduled for Wednesday, September 27, 2017 at 10:00am in the Seattle Municipal Tower, Conference Room 4080.